



County of Los Angeles  
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Chief Administrative Officer

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Fifth District

November 21, 2005

To: Supervisor Gloria Molina, Chair  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**WASHINGTON, D.C. UPDATE**

**Federal Fiscal Year (FFY) 2006 Budget Reconciliation Legislation**

On November 18, 2005, the House passed, 217 to 215, H.R. 4291, its FFY 2006 budget reconciliation bill, which would reduce mandatory (entitlement) spending by \$49.5 billion over five years. No Democrats voted for the bill. The Senate-passed version (S. 1932), would cut mandatory spending by \$34.7 billion over five years. Conference negotiations to reconcile differences between the two versions will begin next month after Congress returns from its two-week recess, which began on November 19, 2005.

Consistent with existing Board policies in the County's Federal Legislative Agenda, our Washington advocates and affected County departments will be advocating opposition to the following spending reductions that would disproportionately and adversely affect California, which are contained in the House, but not Senate, version:

- Reducing Federal child support enforcement (CSE) matching funds by 40 percent by FFY 2010 when the cuts would take full effect. California, which receives about 19 percent of all CSE funding, would lose an estimated \$3 billion over the next ten years, more than triple the amount that would be lost by any other state;

- Reducing Title IV-E foster care funding by overturning the Rosales v. Thompson decision, which allows certain children placed with relatives to qualify for IV-E payments, and by reducing IV-E administrative matching funds for children placed with relatives, potential candidates for foster care, and children transferred from an institution outside the child welfare system. California would be disproportionately hurt by these cuts because the court decision only applies to states in the Ninth Circuit and because the State currently receives over one-fourth of all IV-E foster care funding;
- Increasing the current five-year ban on Food Stamp eligibility for legal immigrants to seven years with exemptions for current Food Stamp recipients who either are 60 years of age or older or have applied for naturalization. The new seven-year ban would be phased in over a two-year period, and would revert back to a five-year ban on September 30, 2010;
- Phasing out the ability of states to use managed care organization (MCO) fees to finance the non-Federal share of Medicaid costs, which would reduce Medicaid payments to states that impose such fees. California, one of only four states that currently impose such fees, would lose an estimated \$175 million in Medicaid funding per year; and
- Requiring additional reviews of applicants determined eligible for Supplemental Security Income (SSI) based on disability, which would deny SSI and Medicaid eligibility to about 20,000 individuals by 2015, according to Congressional Budget Office estimates. This would result in a cost shift to the County because, under State law, needy individuals who are ineligible for SSI and Medicaid must be provided County-funded General Relief and medical assistance.

We also will be pursuing the following positions in conference committee:

- Oppose language in both bills that would restrict the use of Medicaid funds for targeted case management services;
- Oppose language in the House, but not Senate, bill, which would reauthorize the Temporary Assistance for Needy Families (TANF) program through FFY 2010. The House bill would impose more stringent TANF work participation requirements while providing only \$200 million over five years to meet increased child care needs. The State's Legislative Analyst estimates that it would cost \$375 million to \$400 million annually for California alone to meet the expanded work requirements.

To date, the County's TANF reauthorization advocacy efforts have focused on maintaining or increasing state and local flexibility over the use of funds (including with respect to work requirements), minimizing the risk of Federal fiscal penalties being imposed on the State, and pursuing additional Federal funding to meet any new work requirements; and

- Support the allocation of at least \$1 billion from spectrum sale proceeds to help public safety agencies, such as the County's, to improve interoperable communications and convert to the spectrum that would be assigned to them after the transition from analog to digital television is completed. The Senate bill would allocate \$1 billion of the estimated \$10 billion in spectrum sale proceeds for interoperable communications while the House bill allocates \$500 million. Neither version specifies how funding for interoperable communications would be allocated. We will seek to maximize the amount of funding that the County's public safety agencies would receive.

#### **FFY 2006 Labor, Health and Human Services, and Education Appropriations Bill (H.R. 3010)**

Yesterday, the House rejected the conference report on H.R. 3010, the FFY 2006 Labor, Health and Human Services (HHS), and Education Appropriations bill, by a vote of 209 to 224. All Democrats and 22 Republicans, including House Ways and Means Committee Chairman Bill Thomas (R-CA), voted against the bill. The dissenting Republicans voted against the bill for a variety of reasons with Representative Thomas objecting to the inclusion of language to offset \$90 million in increased spending by prohibiting the use of Medicare funds to buy erectile dysfunction drugs, such as Viagra, effective in FFY 2006. Some Republicans were unhappy with the conferees' decision to drop all earmarks from the bill. Last year, the bill included nearly \$1 billion in earmarked funding.

As supported by the County, the conference report included \$637 million for the Community Services Block Grant (CSBG), the same as in FFY 2005. The President had proposed eliminating CSBG, and the House version would have cut its funding to \$320 million. Attachment I is a table comparing FFY 2006 funding levels for programs of County interest with FFY 2005 and the President's proposed FFY 2006 Budget.

#### **FFY 2006 Transportation, Treasury, Judiciary, and Housing and Urban Development (HUD) Appropriations Bill (H.R. 3058)**

On November 18, 2005, both houses adopted the conference agreement on H.R. 3058, the FFY 2006 Transportation, Treasury, Judiciary, and HUD Appropriations bill, clearing it for the President's signature. The bill rejected the Administration's proposal to eliminate the Community Development Block Grant (CDBG) and 17 other community

and economic development programs into a new \$3.7 billion Strengthening America's Communities Initiative block grant. However, CDBG funding was reduced by nearly nine percent from \$4.11 billion in FFY 2005 to \$3.75 billion. Attachment II is a table with funding levels for HUD programs of County interest.

In addition, the unofficial final conference agreement language that is available online would bar the use of funds in the bill for any Federal, State or local project that seeks to use the power of eminent domain unless eminent domain is employed only for a public use. The bill defines public use as including the removal of an immediate threat to public health and safety or brownfields, but specifically excludes economic development from the definition of a public use. This eminent domain language was added in response to the Supreme Court's Kelo v. City of New London decision, which ruled that public agencies can use eminent domain to seize property for private development. Previous eminent domain amendment language offered by Senator Bond (R-MO) allowed the use of eminent domain for the removal of blight as well as for public use. The blight reference does not appear in the preliminary conference report.

The Community Development Commission (CDC) is concerned that the bill's eminent domain language, although vague, may limit its ability to use the threat of eminent domain for the removal of slum and blight for redevelopment purposes. This may limit the CDC's ability to proceed with future redevelopment efforts, such as those in the West Altadena and the Whiteside redevelopment Areas. My office, County Counsel and the CDC will be reviewing the final bill language when it becomes available to determine how the eminent domain provision affects the County.

#### **FFY 2006 Continuing Resolution**

On November 18, 2005, Congress passed H.J. Res. 72, a Continuing Resolution (CR) that would fund Federal programs and activities for which an annual appropriations bill has not yet been enacted through December 17, 2005. The previous CR expired on November 18, 2005. Under the terms of the CR, all programs would be funded at the lower of the FFY 2005 funding level, House-passed FFY 2006 level, or Senate-passed level.

#### **FFY 2005 State Criminal Alien Assistance Program (SCAAP) Award**

The Department of Justice finally announced State Criminal Alien Assistance Program (SCAAP) payments for FFY 2005. The County's FFY 2005 payment is \$12.53 million, which is less than its \$13.88 million payment in FFY 2004, but more than its FFY 2003 payment of \$11.45 million. The County's SCAAP payment should be significantly higher in FFY 2006 because Congress appropriated \$405 million, which is an increase of \$104 million above FFY 2005.

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**FFY 2006 Science, State, Commerce, Justice, Appropriations Act (H.R. 2862)**

The table with funding levels for programs of County interest in the FFY 2006 Commerce, Justice, Science, and State Appropriations Bill, which was attached to the November 8, 2005 Washington Update, omitted a column. Attachment III contains the complete table.

We will continue to keep you advised.

DEJ:GK  
MAL:MT:kg

**Attachments**

c:     Executive Officer, Board of Supervisors  
          County Counsel  
          All Department Heads  
          Legislative Strategist

**FEDERAL FISCAL YEAR (FFY) 2006 FUNDING LEVELS  
FOR PROGRAMS OF COUNTY INTEREST IN H.R. 3010  
LABOR / HEALTH AND HUMAN SERVICES / EDUCATION APPROPRIATIONS BILL  
(in millions)**

<b>PROGRAMS</b>	<b>Enacted 2005</b>	<b>President 2006</b>	<b>Conference<sup>1</sup> 2006</b>
<b>Labor</b>			
Adult Training	\$ 897	\$ 866	\$ 866
Youth Training	986	950	950
Dislocated Workers	1,193	1,075	1,193
State Employment Service	781	696	723
Title-V Older Americans Employment	437	437	437
<b>Health and Human Services</b>			
Bioterrorism Public Health Grants	927	797	769
HRSA Hospital Preparedness Grants	491	484	475
Ryan White Emergency Assistance	610	610	610
Ryan White AIDS Total	2,073	2,083	2,083
Community Health Centers	1,734	2,038	1,800
Family Planning	286	286	286
Community Access Program	83	0	0
Preventive Health Block Grant	119	0	100
Maternal and Child Health Grant	724	724	700
Substance Abuse Block Grant	1,776	1,776	1,776
Mental Health Block Grant	433	433	433
Social Services Block Grant	1,700	1,700	1,700
Community Services Block Grant <sup>2</sup>	637	0	637
Child Welfare Services	290	290	290
Independent Living <sup>3</sup>	187	200	187
Promoting Safe and Stable Families	404	410	395
Child Care Development Block Grant	2,083	2,083	2,083
Refugee Social Services	165	151	156
Refugee Targeted Assistance	49	49	49
Refugee Assistance Total	484	552	576
Administration on Aging (AoA) Total	1,396	1,372	1,377
AoA Family Caregivers	156	156	158
AoA Nutrition	719	719	722
AoA Supportive Services	354	354	354

**Footnotes**

<sup>1</sup> In H.R. 3010, as reported by the Conference Committee on November 16, 2005.

<sup>2</sup> The President's proposed FFY 2006 Budget would consolidate CSBG and 17 other programs into a \$3.7 billion strengthening America's Communities Initiative that would be administered by the Department of Commerce.

<sup>3</sup> Includes \$47 million for Independent Living Training Voucher Grants.

**FEDERAL FISCAL YEAR (FFY) 2006 FUNDING LEVELS  
FOR THE HOUSING AND URBAN DEVELOPMENT (HUD) PROGRAMS  
(in millions)**

<b>PROGRAMS</b>	<b>Enacted 2005</b>	<b>President 2006</b>	<b>Final <sup>1</sup> 2006</b>
Community Development Block Grant (Formula Grant) <sup>2</sup>	\$ 4,110	\$ 0	\$3,748
Section 8 Tenant-Based Rental Assistance (Vouchers)	14,766	15,845	15,573
Section 8 Project-Based Rental Assistance (Contracts)	5,298	5,072	5,088
Section 8 Administrative Fees	1,250	1,295	1,250
Public Housing Operating Fund <sup>3</sup>	2,438	3,407	3,600
Public Housing Capital Fund	2,579	2,327	2,463
Homeless Assistance Grants	1,241	1,440	1,340
HOME (Formula Grant)	1,785	1,727	1,750
Housing Opportunities for Persons with AIDS (HOPWA)	282	268	289
American Dream Downpayment Initiative	50	200	25
Brownfields	24	0	10

**Footnotes**

- <sup>1</sup> In H.R. 3058, the FFY 2006 Transportation/Treasury/HUD/Judiciary/District of Columbia Appropriations Bill, as reported by the Conference Committee on November 18, 2005.
- <sup>2</sup> The President's proposed FFY 2006 Budget would consolidate CDBG and 17 other programs into a \$3.7 billion Strengthening America's Communities Initiative that would be administered by the Department of Commerce.
- <sup>3</sup> Much of this increase is because a nine-month rather than 12-month funding cycle was used in FFY 2005.

**PROPOSED FEDERAL FISCAL YEAR (FFY) 2006 FUNDING LEVELS  
FOR PROGRAMS OF COUNTY INTEREST IN THE  
SCIENCE/STATE/JUSTICE/COMMERCE APPROPRIATIONS BILL  
(in millions)**

<b>PROGRAMS</b>	<b>Enacted 2005</b>	<b>President 2006</b>	<b>Conference<sup>1</sup> 2006</b>
<b>Justice</b>			
State Criminal Alien Assistance Program	\$ 301	\$ 0	\$405
Justice Assistance Grant	626	529	321
COPS Interoperable Communications	99	2	10
COPS Hiring Grants	10	0	0
COPS Technologies Grants	137	0	129
DNA Initiative	109	176	108
Juvenile Justice Formula Grant	83	90	80
Juvenile Accountability Block Grant	54	0	50
Southwest Border Prosecutor Program	30	47	30

**Footnote**

<sup>1</sup> In H.R. 2862, as reported by the Conference Committee on November 7, 2005.